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Municipal Advance Program

Request for Proposals

March 1988

AN INITIATIVE OF THE MASSACHUSETTS HOUSING PARTNERSHIP
AND EXECUTIVE OFFICE OF COMMUNITIES AND DEVELOPMENT

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SUPPORT TO LOCAL HOUSING PARTNERSHIPS
THE MHP MUNICIPAL ADVANCE PROGRAM

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I. PROGRAM GUIDELINES

A. Program Description

The Municipal Advance Program(MAP) has been established to assist communities which have organized local housing partnerships and which are proceeding with affordable housing development projects. The Massachusetts Housing Partnership (MHP) set aside $800,000 from the MHP Trust Fund to provide the first year of technical assistance advances to these municipalities to expedite and support the formulation of affordable housing development projects. An additional $600,000 in second year funds has been allocated to meet the continuing demand for these resources.

The Program provides a wide range of technical assistance resources designed to assist communities in facilitating the design, review, negotiation, and implementation of affordable housing. Technical assistance funds are intended for use by municipalities for the hiring of consultants to perform pre-development tasks ranging from those of a preliminary nature such as title searches and appraisals to more production-oriented services, including construction cost estimating and preparation of developer kits. The specific role of municipalities in this program is to plan for and facilitate the development of affordable housing through rehabilitation and new construction.

The program will offer assistance in the form of Development Advances to fund small, specific pre-development tasks essential to the progress of a developing project such as site surveys, borings,

site appraisals,title searches and preliminary planning assistance. For development proposals in their formative stages, these may include such preliminary tasks as title searches, site feasibility, and resolution of project-related zoning and growth management issues confronted by communities.

Funds are also available for broader, more complex pre-construction activities such as inventories of developable vacant parcels, design of local development guidelines, preparation of developer kits, review and negotiation of developer proposals, pro-forma analysis, and affordability negotiations. This assistance is provided to the municipality directly (not to a developer) to cover costs incurred by the municipality and is designed to expedite the process of project formulation, property disposition and development, and to encourage affordability of units to be produced. The objective of the program is to assist municipalities by providing pre-development resources at key points in the housing development process where the lack of funds could prevent project implementation. When repayment of the Advance is practical (e.g. through proceeds to the municipality from the sale of a tax-title parcel) repayment will be expected. When repayment is not practical, the advance loans will be forgiven.

B. Eligible Applicants

Eligibility for Development Advances is limited to those municipalities which have been or are in the process of being designated as "MHP Partnership" communities, and which are proceeding with affordable housing development projects. Exceptions

to this requirement will be allowed for those communities requesting assistance with Comprehensive Permit (MGL c.40B) negotiations and related development issues. Questions regarding the designation process should be directed to the MHP staff at 727-7824.

Although the Advances will be made directly to the municipality, the development projects may be initiated by other local entities within a Partnership community such as a non-profit housing corporation, a local housing authority or a for-profit developer. All projects must be endorsed by the Chief Elected Official and the local housing partnership. Funding will be made available for costs incurred by the Municipality in bringing an affordable housing development project to fruition.

Participation by an individual or organization in performing pre-development tasks for a given project (e.g. preparation of a developers kit) may preclude subsequent involvement in the actual development of the project. Pre-development activities by municipalities which could lead to: (1) the development of public housing units or (2) development by a non-profit organization, may be eligible. However, once preliminary feasibility is determined, additional resources must be secured through: (1) EOCD's Bureau of Housing Development or (2) the various loan programs operated by CEDAC (Community Economic Development Assistance Corp.).

Communities which are planning to apply to the Municipal Advance Program should carefully assess the full range of pre-development tasks likely to be needed for their proposed projects prior to

submitting applications. This will help to prevent unnecessary delays which could occur should the community fail to anticipate the nature and extent of technical assistance to expedite its proposed affordable housing development project. Contact with Municipal Advance Program staff at this point is recommended. The staff can be reached at (617) 727-0494.

C. Funding Amounts, Funding Limits

The Municipal Advance Program has been funded for a total of $1.4 million for fiscal years 1987 and 1988. Maximum funding amounts for each individual affordable housing development project proposed by a community have been set at $30,000 for each Development Advance.

Communities may be eligible to receive more than one Advance when the status of a project's development potential must be determined sequentially; in no case will the total amount of assistance under this program exceed $30,000 per project.

Average individual grant amounts normally range from $15,000 to $20,000 depending on a project's feasibility, complexity, and overall development status as described in the preceding section. Smaller grants will be awarded to projects for which initial steps need to be taken prior to a determination to award additional funds, either from MAP or other sources such as CEDAC or public housing. This category will include those projects which are the most speculative, such as proposals where site control has not been established; projects which require initial feasibility or

environmental assessments to determine whether or not it is appropriate to risk additional funds; and projects where an initial determination might lead to a non-profit or public housing development for which CEDAC or public housing resources would be more appropriately used. In addition some of the technical assistance activities relative to Comprehensive Permit (MGL c. 40B) issues are expected to fall within this grant range.

In certain cases, following a careful review of the scope of activities, grants of up to $30,000 will be considered. Actual approved costs will reflect a competitive consultant selection process for all program activities, as described in a subsequent section.

Funding is limited only to those projects that the community expects to be undertaken within a 12 month period. The Massachusetts Housing Partnership may limit the number of advances a community may receive in order to assure an equitable distribution of available funding to all eligible and competitive projects across the state.

D. Recovery of Advanced Costs

Municipal Advances will be repaid to the Massachusetts Housing Partnership fund whenever possible and used to support assistance to additional affordable housing development projects.

Reimbursement will occur under the following conditions:

1. When a municipally-owned or controlled site receiving technical assistance funds is conveyed to a developer for a

consideration equal to or greater than the amount of the Advance;

2. If pre-development activities funded by the Advance are mortgageable by the developer, can be repaid to the municipality, and in turn repaid to the MHP, and the repayment of the Advance will not jeopardize the affordability of the proposed development;

3. When any project which has received technical assistance funds results in any use other than the development of affordable housing, e.g. market-rate condominiums; commercial development, municipal facilities etc.

4. If the consultant retained by a community to perform pre-development tasks for a specific project becomes the developer for that project.

II. ELIGIBLE ACTIVITIES

Advances will be utilized by communities to hire consultants or other professionals to carry out specific project-based activities including but not limited to the following:

1. Preparation of a preliminary development proposal for a vacant parcel or for an abandoned structure.

2. Test borings of a site to establish soil bearing capacity, presence of hazardous substances and level of ground water.

3. Inspection of a deteriorated structure.

4. Preparation of preliminary site plans or floor plans.

5. Review of pertinent environmental site issues such as wetlands, topography, drainage, septic capacity, soils, vegetation, water quality, density, traffic etc.

6. Consultation of historic preservation professionals.

7. Preparation of cost estimates for construction or rehabilitation activities.

8. Legal assistance to research the title of a vacant parcel or building to establish ownership.

9. Development of preliminary operating budget (pro-formas) for a proposed project.

10. Review of development proposals, specifications, and bids submitted by developers; affordability negotiations.

11. Preparation of Land Disposition Agreements.

12. Inventory of specific parcels for the purpose of assembling sites for affordable housing development.

13. Project-specific housing needs studies: This type of study should focus on incorporating an identified housing need for a particular clientele into a proposed or existing project plan. For developer-initiated projects, a study of this type could serve as a negotiating tool for local governments. For municipally-initiated projects, this activity can serve to identify appropriate state or federal resources for development.

14. Market surveys to determine market conditions, establish possible selling/rental prices/unit mix/income groups. Usually done to evaluate developer's proposal on project specific basis.

15. Preliminary project impact analysis, eg: traffic, infrastructure, municipal services, etc.

16. Analysis of regulatory controls/zoning and their relation to specific development proposals.

17. Structural analysis of a building re: feasibility.

18. Preparation of a developer's kit/RFP, review of developer proposals presentation to town boards.

19. Architectural fees for schematic designs.

20. Preparation of work write-ups and cost estimates.

21. Legal assistance, eg: condo documents, alternative deed restrictions, property conveyance, appraisals, etc.

22. Preparation of construction finance package for submission to lenders (banks, MHFA).

23. Optioning properties to provide opportunity for feasibility study. Such proposals will be very carefully scrutinized and will require reimbursement in all cases.

24. In depth municipal impact analysis: Examination of the financial impact/service demands on a community.

25. Program initiatives such as the design and initial implementation of local programs to encourage the development of affordable housing (e.g. local linkage program, affordable condo conversion ordinance, inclusionary zoning ordinance, etc.). This may not be project specific but should clearly lead to an increase in the local inventory of affordable housing. These initiatives will normally include design and preparation of documents and procedures to implement policies which have already been put in place.

26. Partnership Planners for up to 12 months to assist with the organization, development and support of local housing partnership as a precursor to specific affordable housing

efforts. (Applications allowed by invitation only).

27. Project Manager/person for up to 12 months to take specific planned project through completion, from zoning issues through marketing/sales or rentals. This component requires a separate application procedure. Further description follows.

* 28. Development and implementation of local Comprehensive Permit (MGL c. 40B) review procedures and related training of local officials.

* 29. Technical Assistance to Municipal Officials relative to legal and development issues arising from specific projects, including assistance with review and negotiation.

* Non-MHP communities will be allowed to apply for funds under these categories only to support local Comprehensive Permit review, analysis, and negotiation.

**** "PROJECT MANAGER" ****

Application for Project Manager Staff funding will be reviewed with respect to the following criteria:

1. Inability of community to fund the activity from other sources such as block grant funds or to assign tasks to existing staff. Municipalities may be asked to provide a justification based upon an analysis of existing staff and program resources.

2. Commitment by the community to affordable housing as evidenced by: active local housing partnership; prior commitment of local resources such as municipally owned land or buildings, staff time, financial resources, significant zoning, changes, etc.; active projects in development with strong local support.

Function: To perform functions related to the implementation of specific projects in the development stage, including: development of applications on behalf of the municipality for state and federal grants; implementation of local housing partnership review and negotiation procedures; negotiation on behalf of the community with funding sources; management of local functions such as the buyer selection process for the HOP program;

Objective: To expedite the processing of projects by local housing partnerships and local permitting agencies; liaison with funding agencies on behalf of the community to expedite processing of

applications and proposals; increased efficiency and effectiveness in negotiating with developers in the best interests of the community.

Project manager functions will be performed by individuals for a municipality or group of municipalities. The Project Manager may be retained either on a contract basis or as a municipal employee. Funding will not be used to continue a pre-existing position. A typical case load would be four to six projects over a one year period. (For example, a single project might be represented by 3 months full time or 1/4 time for one year etc.)

FUNDING: Maximum funding of $300,000 per year, with 6-10 grants of $25-30,000 anticipated.

III. INELIGIBLE ACTIVITIES

In general, activities which are not in support of a specific Massachusetts Housing Partnership development project are not eligible for funding. More specific ineligible activities include the following:

1. With the exception of approved Project Manager grants, funding of a municipal staff position is not eligible. Funds are to be used for the hiring of consultants to carry out tasks directly related to a specific affordable housing project.

2. General planning or land use management activities which could best be addressed by funding through EOCD's Strategic Planning Grant or Incentive Aid programs, for example:

    - General land use planning activities, such as development of a Plan or new zoning by laws.
    - Community-wide needs analysis.
    - General community housing needs analysis and growth management studies.
    - Code enforcement, property assessment, tax title or other land use management activities.

3. Activities to prevent abandonment or to prevent the further deterioration of vacant buildings that could be funded under EOCD's Housing Abandonment Program.

4. Retroactive payment or reimbursement for any activity undertaken prior to MAP grant award and contract execution.

IV. EVALUATION CRITERIA

With the sole exception of communities requesting assistance with comprehensive permit review and regulations, applicants for the Municipal Advance Program must meet the threshold requirement of designation as a MHP Partnership community, and will subsequently be evaluated based on the following:

1. Specific relevance of proposal to a Massachusetts Housing Partnership development project in the community.
2. Ability of the project to insure the affordability of units produced.
3. Evidence of local support of the project.
4. Availability of funding from other sources, or lack thereof.
5. Lack of professional expertise within the community to carry out the proposed activities.
6. Importance of the activity proposed for funding in enabling the development project to proceed.
7. Feasibility of the development project.
8. Current status of the development project.

V. ADDITIONAL PROPOSAL CONSIDERATIONS: Public and Private Sites

MAP funding can be used to support a broad range of housing initiatives. However, the method in which MAP funds are utilized will vary greatly from project to project. Listed below are some considerations which will aid in determining the appropriate scale of assistance through the MAP program. Use this section as a proposal guide; it is not intended to conclusively define the scope of activities.

Public Sites:

1) Site Inventories: This activity should be viewed as a means for communities to focus information gathered from existing community-wide land inventories upon those sites which are considered to have potential for housing development. Proposed tasks should focus on determining development feasibility with respect to engineering, planning or other issues of local concern. Applicants should scale the number of sites proposed to the cost of gathering sufficient site information.

2) Preliminary Site Preparation: For communities which have identified a single municipal site for development, the following consideration should be noted. A "phasing" approach will help communities formulate a proposal strategy. For example, if Town Meeting approval is a necessary precursor to site development, then communities should focus on activities which will facilitate a development decision.

Typical activities include rough layouts, plans, unit renderings,

etc..., which will help conceptualize a project. Legal work or site surveys may also be appropriate; tasks will vary depending on the project specified. Phase two of such a proposal would focus on activities which follow site control, such as developer solicitation, selection and negotiation.

Private Sites:

1) Joint Community/Developer Projects: Development proposals of this type are typically well-formulated in terms of site design and potential financing options. Communities should focus their contribution to such a joint initiative on activities which will facilitate the project, such as the clarification of local zoning, building or design standards, technical and informational assistance on the project to interested town boards, and liaison to state or federal agencies for financial packaging or grant writing. Activities which are typical developer costs (i.e. comprehensive site plans, site engineering costs, etc.) will not be competitive.

2) M.G.L.C 40B Comprehensive Permit Assistance: Communities are not required to have a housing partnership designation to request technical assistance for Comprehensive Permit proposal review. When submitting requests, the following issues should be addressed:

(a) Project chronology to date.

(b) Present status of negotiating and/or permit application.

(c) Major concerns raised by the community.

(d) Developers response to date.

(e) Potential impacts and mitigating measures.

The technical assistance provided should not only identify or confirm issues of concern but should also offer potential solutions to these issues. A final component of this type of proposal would typically include a presentation of the consultant's findings to interested local boards. Development review guidelines may also be produced to help focus on relevant issues for subsequent projects.

VI. OTHER PROGRAM COMPONENTS (PARTNERSHIP PLANNERS)

LHP Staffing

In some instances, there is significant local commitment to an affordable housing strategy but insufficient capacity to make the local housing partnership and/or the strategy itself operational. To provide essential local capacity to carry out partnership objectives, MAP funds may be used to hire staff:

Function: To assist in organizing local housing partnerships, providing staff functions to the partnership for tasks related to: organizational and administrative issues; public relations; public education; goal setting; strategy development; communication and record-keeping; project review process development and implementation.

Objective: To make local partnerships more effective leading to the successful development of projects with community support.

Selection Process: Needs analysis conducted by MHP staff based upon data provided by partnership communities in response to questionnaires and periodic review. Application will be by invitation only.

FUNDING: Maximum funding of $300,000 per year, with 6-10 grants of $25-30,000 anticipated.

VII. CONSULTANT SELECTION

Procurement of consultants for activities funded by the Municipal Advance Program must be conducted in a manner that provides maximum open and free competition. This will allow the community to compare the types of services that are being offered and select the consultant that most closely meets its needs for the least amount of money.

Upon request, EOCD will furnish communities with a list of consultants for use as a guide in soliciting technical assistance. Consultants are to be hired following approval of a project by EOCD and execution of a grant agreement. EOCD will provide a professional services contract for the community to execute with each firm selected, consistent with the scope of services contained within the Municipal Advance Program Grant Agreement. Once executed, a copy of the Professional Services contract must be submitted for approval in order for EOCD to encumber the necessary funds. Any costs incurred by the Community prior to execution of (1) a Grant Agreement with EOCD, and (2) the contract(s) for professional services, may result in those costs being disallowed. For each contract not expected to exceed $5000, the community may solicit proposals by contacting several qualified consultants. A record of the process followed (telephone log, copies of letters and RFP's sent and responses received) including copies of proposals received and reasons for selection should be maintained.

For professional services contracts over $5,000, notice of the request for proposals must be published in general circulation

newspaper a minimum of two weeks prior to the due date of proposals. The newspaper's area of circulation should be sufficient to ensure an adequate number of proposals from qualified firms. The process should include notification to SOMBA, the State Office of Minority Business Assistance (617) 727-8692. Copies of advertisements must be submitted to EOCD. The process of advertising for consultant services must not be undertaken until EOCD has approved a scope of services and executed a grant agreement for the project with the community.

In order for the competitive process to be most effective, it is recommended that the amount of MAP funds available not be referenced in the RFP.

Should a community hire a consultant without soliciting proposals or bids, justification of such action must be provided to EOCD.

EOCD reserves the right to reject a community's choice of a consultant.

VIII. APPLICATION AND AWARD SCHEDULE

Applications for the Municipal Advance Program will be received by EOCD on a continuous basis.

All applications for the Development Advance Program will be reviewed by EOCD's Municipal Technical Assistance staff in conjunction with the MHP review committee, which will meet to evaluate proposals and make funding recommendations. The normal time frame for this process is approximately four to six weeks. Final approval of all advances will be made by the Secretary of EOCD.

In order to facilitate the timely review of applications, communities should consult with their MHP Regional Office Director and EOCD's Municipal Advance staff prior to submission. This contact is especially important for those applications characterized as "urgent" due to impending deadlines associated with comprehensive permits and HOP applications. Communities should try to anticipate these deadlines as much as possible and schedule the submission of their applications accordingly.

In certain cases, the MHP program can offer "fast track processing" for smaller, priority grants. To achieve this, municipalities must identify the need for assistance as early as possible and confer with MAP and MHP staff to negotiate an appropriate scope of services. The application reflecting these prior discussions should then be submitted as quickly as possible, with the understanding that clarifications and modifications may still be

necessary after the application is received.

An original and five copies of the application should be sent to:

MHP Municipal Advance Program

Executive Office of Communities and Development

100 Cambridge Street, Room 904

Boston, MA 02202

IX. APPLICATION PROCEDURES

Application Instructions

In this section, applicants are requested to provide a level of information regarding their proposed project which is proportionate to the amount of program funds being requested.

Some of the information requested as part of the application may not be presently known, and, in fact, may be the subject of your application for the Municipal Advance funds. However, communities should obtain and provide as much preliminary information as possible so as to make the best use of Municipal Advance Program funds. For example, a review of assessors' records to establish property ownership and tax status could be easily accomplished by the community. This could allow for the performance of additional tasks at another point in the development process.

The materials listed below constitute a complete application for Municipal Advance Program funds. Communities should follow this format and provide all of the requested information in accordance with the following:

(1) Application Cover Sheet

- (A) Site Information
- (B) Development Plan
- (C) Comprehensive Permit
- (D) Proposed Activities
- (E) Management Plan

For your convenience simply detach the following sections, fill out, and submit according to the instructions in the Request for Proposals.

MHP MUNICIPAL ADVANCE PROGRAM

APPLICATION COVER SHEET

COMMUNITY:_____

CONTACT PERSON - NAME:_____ TELEPHONE:_____

ADDRESS:_____

_____TITLE:_____

PREPARED BY:_____

APPLICATION TYPE: [] DEVELOPMENT ADVANCE PROGRAM

(CHECK ONE) [] PROJECT MANAGER

PROJECT SUMMARY:_____

_____

_____

_____

_____

FUNDING AMOUNT REQUESTED: $_____

_____ _____

SIGNATURE OF LOCAL M.H.P. CHAIRMAN SIGNATURE OF CHIEF EXECUTIVE

_____ _____

TYPED NAME TYPED NAME TITLE

APPLICATION FORMAT

Complete this section for all Municipal Advance Program applications. Do not include attachments or other submissions in lieu of the information requested in this format.

A. SITE INFORMATION:

Provide a description of the site under consideration for your community's affordable housing development. Please address the following points:

1. Identify the location and size of the proposed site. Include a location map if available. Discuss site characteristics such as access, topography, status of existing infrastructure, proximity to public transportation and employment. Is this an open site or existing structure? Is parking available?

2. If existing, is the structure residential, commercial, mixed-use, industrial or other? Describe the construction type; masonry, wood-frame, or other. Describe the structure in terms of size, number of existing units or floor plan. Is it occupied or vacant? Is the structure of possible historic significance?

3. Provide to the extent possible, information concerning ownership, tax status and zoning. Who controls the site? Describe the type and extent of development currently allowed ("by right").

B. DEVELOPMENT PLAN

1. Describe the development plan for each project, including # of units, bedroom mix, income mix and whether project is new construction or rehabilitation, and rental or homeownership. Who will inhabit the units? What level of affordability is proposed?

2. Provide a preliminary estimate of developmental costs and proposed sources of financing (state, federal, municipal, private). What state or federal housing programs may be under consideration for the project?

3. Describe any potential issues relating to demolition, acquisition, relocation.

4. Are there environmental issues which may need to be addressed?

5. Describe any zoning variances or other regulatory changes needed to implement the proposed project. How would these be achieved (Town Meeting or City Council vote etc.)?

6. Identify the development team, including developer, architect, contractor, and attorneys, if known.

7. Describe the post rehab/construction management plan, if known.

8. Describe the infrastructure needs, both public and private, and how they will be addressed.

9. Provide a timetable for completion of the development project.

C. COMPREHENSIVE PERMIT

1. For proposals involving the comprehensive permit process, describe the present status of the project: (a) what are the specific concerns of the community regarding the development and its impact?; (b)what has the developers response been to date? (c) what mitigation measures would the community like to consider, utilizing a MAP grant for consultant services?

2. Please provide the following information relative to the permit timetable and status: (a) Provide the dates and a description of any meetings between the developer and local officials. (b) Indicate the date on which an application was filed or is expected to be filed with the Zoning Board of Appeals. (c) Indicate the date(s) on which hearings have been held by the Zoning Board of Appeals, date(s) for hearings scheduled but not yet held. (d) Describe any action taken by the Zoning Board of Appeals to date.

D. PROPOSED ACTIVITIES

Enumerate the specific tasks to be performed with MHP Technical Assistance funds and estimated costs for each if known; describe the nature of the technical assistance likely to be required and the length of time needed to complete the proposed tasks. How was the amount of the grant request determined?

E. MANAGEMENT PLAN

1. For Development Advance applications, discuss the management plan for local administration of the MHP technical assistance program. Who will be responsible for overseeing the results of the tasks performed? If more than one

consultant will be needed, identify the tasks to be performed by each.

2. For Project Manager applications, describe the management plan for administration of the grant funds and supervision of the Project Manager.